



Technical Assistance in Support of Quality Health Partners (QHP) Franchising Program

Consultants' Report

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A. EXECUTIVE SUMMARY

This report provides Quality Health Partners (QHP) with information on the potential of adopting a social franchising approach to the provision of quality reproductive and child health (RCH) services in Ghana. It enumerates specific recommendations on the initial steps to be undertaken to start the process of developing a social franchise program. The information and recommendations are based on a review of various documents and studies related to reproductive health service delivery, meetings with various individuals from government, nongovernmental and private organizations and results from a meeting/workshop of QHP program stakeholders.

QHP is a project supported by USAID/Ghana and one of its identified program goals is to raise the standard of services in public and private health facilities through innovative approaches such as franchising. According to the QHP proposal, facilities classified as being “high-performing” may be targeted for participation in development of a franchising approach, with franchising viewed as a possible means for achieving and sustaining higher levels of quality services. During its first year QHP has conducted a literature review and identified issues to be considered for development of a franchising approach for delivery of RCH services in Ghana.

In view of this, QHP contracted the services of consultants to provide technical support for a stakeholder meeting on franchising of RCH services, to make recommendations of overall feasibility of franchising of RCH services in Ghana, to advice on initial steps for development of a QHP RCH franchising approach and the consultant’s role in those steps.

The information presented in this report shows that there is potential for using social franchising to expand and upgrade the standards of the delivery of RCH services in the private sector. Social franchising, a form of public-private partnership has been used by some programs in several developing countries as a strategy to expand the provision of quality reproductive health services to lower market segments. In fact, Ghana has some local initiatives that could also provide insights in the development and implementation of social franchising approaches.

It appears that the basic conditions for the application of a successful social franchising scheme for reproductive health services in Ghana are present. These include among others, the availability of trained RCH providers like midwives who can become franchisees, gaps in supply and demand for quality RCH services, willingness and ability of some market segments to pay for RCH services like family planning, government support of private sector participation in health care delivery, support and availability of technical assistance from program stakeholders like the Ghana Health Service, USAID cooperating agencies and other health organizations and health service providers in the private sector, and opportunity presented to private providers by the National Health Insurance Scheme (NHIS).

Social franchising could serve as QHP's parallel strategy to improve the quality of RCH services in the private sector. It should be noted that apart from QHP, various USAID supported bilateral projects like CHPS-TA, SHARP, GSCP are already providing a wide range of technical assistance to government-run facilities. While interventions are being undertaken for public sector facilities, the capability and quality of private sector services have not yet been fully explored.

Notwithstanding these favorable conditions, the following recommendations to further explore the potential of social franchising RCH services are being presented to QHP:

1. While QHP has now an operational strategy to raise the standard of quality in public health facilities, it should explore the use of social franchising as an approach to engage the participation of private health care providers in the provision of quality and affordable reproductive and child health services. This could include tapping midwives and possibly doctors by upgrading their skills as well as their existing facilities and assisting them with marketing support to expand their service lines to include a wider range of reproductive and child health service.
2. Conduct a feasibility study to determine the practicality and potential level of success and resources required to implement a social franchise program.
3. Ascertain with USAID how social franchising fits within its overall strategic objectives and determine its commitment to a funding timetable to support the development of a social franchising program within and beyond QHP.
4. Once finalized, obtain buy-in of other stakeholders (i.e. GHS, professional health associations) to the social franchising strategy and program design.
5. Hire a full time staff preferably with private sector background to coordinate all activities related to social franchising.
6. Investigate other sources of technical assistance from existing USAID supported projects (i.e. ACQUIRE, Banking on Health, etc.) to carry out recommendation # 2.
7. In relation to item 6, also identify and investigate financing institutions that could provide loan assistance to franchisees especially for start up capital financing like clinic renovation.

B. BACKGROUND

Quality Health Partners (QHP) is one of four projects¹ contributing to USAID/Ghana's Strategic Objective (SO) 7: Improved health status for Ghanaians. QHP will contribute to this objective by focusing on improving the quality of and equitable access to a package of reproductive and child health (RCH) services in 28 of the most deprived districts of the country's seven southern regions, as well as in other key health facilities in the country.

Four program goals have been defined to guide QHP work with Ghanaian institutions:

1. Strengthened institutional capacity of the GHS to provide high quality health services using approved standards and guidelines
2. Improved systems for human resource capacity development
3. Improved supervision, monitoring, problem-identification/solving and communication skills
4. Raised standard of quality in public and private health facilities and development of a franchising approach (*underline added*)

The target population for this project is women and men of reproductive age (15-49) and children age 0-5 in the seven southern regions. The total population in the seven regions in 2000 was approximately 15 million, and for the 28 target districts was 3.3 million. There are more than 500 public and private health care facilities in the 28 target districts. Approximately 171 of the facilities (public sector hospitals and health centers, private and church-affiliated hospitals, and other facilities identified as "high-performing") are the focus of QHP activities.

In addition to the region and target district focused activities, QHP also supports national level development of policies, standards, guidelines and protocols to support delivery of quality health services. Although QHP's work focuses on the RCH package of services, this package is broadly defined to include HIV/AIDS and sexually transmitted infections, tuberculosis and other opportunistic infections, and malaria.

Under QHP's Goal 4, Raised standard of quality in public and private health facilities, QHP has conducted a facility baseline assessment of the 171 targeted facilities to help determine their levels of infrastructure, staff and equipment, as well as the range and quality of services they provide. This information is being used to target QHP technical and financial/material assistance. A related activity in which QHP will also play a role is accreditation of health facilities as part of Ghana's National Health Insurance Scheme (NHIS) that is being introduced during 2005 and 2006. To facilitate the introduction of NHIS, contracting with facilities and delivery of services, the NHIS has granted one-year provisional accreditation to

¹ The other three bilateral projects are CHPS-TA (Community-based Health Planning and Services-Technical Assistance), which is led by Population Council; SHARP (Strengthening HIV/AIDS Response and Partnerships), which is led by AED; and GSCP (Ghana Sustainable Change Project), which is also led by AED. The four bilateral projects are all five-year projects that began in mid-2004 and extend through mid-2009.

all public and private facilities in Ghana. QHP will be working to help train accreditation survey teams, and to help facilities in target districts conduct self-assessments using the accreditation tools, and address gaps found to meet accreditation standards.

According to the QHP proposal, facilities classified as being “high-performing” may be targeted for participation in development of a franchising approach, with franchising viewed as a possible means for achieving and sustaining higher levels of quality. During its first year QHP has conducted a literature review and identified issues to be considered for development of a franchising approach for delivery of RCH services in Ghana. Ghana currently has some franchising activities, including the CAREshop initiative being managed by the Ghana Social Marketing Foundation (GSMF) with support from MSH/SEAM and the Rabito Clinics network for dermatology services. GSMF has also worked with the DELIVER Project (JSI) on branding and marketing of several condom products. The Ghana Sustainable Change Project is mandated to provide branding and marketing support for QHP’s franchising work.

A West Africa regional RH project that is also led by EngenderHealth, Action for the West Africa Region (AWARE-RH), and based in Ghana, also has a franchising component. AWARE-RH has also recently conducted a survey of corporate social responsibility (CSR) investments in health in West Africa. The survey documents investments by large, medium and small companies in directly providing or funding health services for employees and their dependents, and other community-based and health promotion activities they support.

The ACQUIRE Project, a USAID global RH project led by Engender Health and based in New York, is also exploring franchising and has developed an approach called the Life Cycle Concept. This concept is based on providing a range of basic RCH services that would meet the needs of clients throughout their lives. The concept seeks to establish and maintain long-term relationships between providers and clients that would be mutually beneficial and build customer loyalty. QHP has communicated with ACQUIRE about the whether the Life Cycle Concept could be relevant for the franchising work in Ghana.

The issues QHP faces in exploring a franchising approach for RCH services include:

1. How to conduct a feasibility study in an environment where introduction of the NHIS is proceeding slowly and with outcomes that may significantly change current service volumes and payment mechanisms.
2. How to develop a feasible RCH service franchising approach within the limited remaining timeframe (about four years) and resources (about 1 FTE staff person and limited budget [compared to experiences documented in the literature] for capital investment/start-up and operating costs). One thought on this is that it may be necessary to start with an existing provider network rather than establishing a new one.
3. Whether/how to develop a franchising or branding approach that could be applied in the public sector as well as the private sector. Most franchising experiences have been in the private sector, which typically has more incentives for providers to increase service volume and quality.

4. Which RCH services to consider for franchising. Most franchising experiences have also focused on a single service, such as FP, or a limited range of services. Considering the Life Cycle Concept would involve having an expanded range of franchised services and add complexity and related resource intensity to all aspects of the franchising activity.

The purpose of this consultancy was to provide technical support for a stakeholder meeting on franchising of RCH services, to make recommendations of overall feasibility of franchising of RCH services in Ghana, to advice on initial steps for development of a QHP RCH franchising approach and the consultant's role in those steps.

C. GHANA HEALTH CARE SYSTEM FOR RCH SERVICES

Ghana has a population of 20.9 million and an annual population growth rate of 2.6 %. Forty-six percent of the population is below the age of 15 and 51% is female. According to the 2004 UNDP Human Development Report, the country's GDP per capita is estimated at USD 304. Since its independence, Ghana has developed and implemented several policies aimed at improving the health status of its population. Various reforms have also been undertaken in the health sector, the most recent of which is the introduction of the national health insurance scheme, which aims to provide every Ghanaian with equal access to health care. However, notwithstanding the reforms and despite positive results trends, the health situation in the country is far from satisfactory.

Health care delivery in Ghana, particularly in the rural and peri-urban regions is characterized by major deficiencies in access to health, in particular in terms of affordability, availability, and quality of health service provision. These shortcomings impact negatively on the health of the Ghanaians living in these areas. To foster the health of its population, Ghana has set up a network of public health care facilities, including hospitals, clinics, health centers, that offer subsidized care. There is also a highly fragmented private sector contributing towards making health care accessible to the people. The private sector accounts for around 40% of health care facilities, 9% mission institutions and 1% quasi-governmental institutions.

The Government of Ghana has a comprehensive population and reproductive health policy. Its reproductive health policy endorses the principle that Reproductive Health care is a constellation of preventive, curative and promotional services for the improvement of the health and well-being of the population, and especially mothers, children and adolescents. The components of reproductive health services are:

- Safe motherhood: antenatal, safe delivery, post-natal care including breast-feeding and infant health
- Family Planning
- Prevention and management of unsafe abortion and post-abortion care

- Prevention and management of reproductive tract infections (RTIs), including sexually transmitted infections (STIs) and HIV/AIDS
- Prevention and management of infertility
- Prevention and management of cancers of the female and male reproductive system, including breast
- Responding to concerns about menopause and andropause
- Discouragement of harmful traditional practices and gender based violence that affect the reproductive health of women and men; and
- Information and counseling on human sexuality, responsible sexual behavior, responsible parenthood, preconceptional care and sexual health.

While implementing guidelines for these policies have been developed for the public sector, there are no clear guidelines for their application to private health facilities and providers.

Reproductive health services are provided mainly through primary health care centers, maternity homes, clinics, hospitals, teaching hospitals and nongovernmental organizations (NGOs) and these are public or privately owned.

D. DEMAND AND SUPPLY SITUATION OF RCH SERVICES IN THE PRIVATE SECTOR

Available data on reproductive and child health in Ghana indicates that there are demand issues that need to be addressed and therefore there is still ample scope for both public and private interventions in the reproductive health care market. The recent demographic and health survey reported that only 19% of married women of reproductive age use modern methods of family planning. Again, while there are 34% of married women with unmet need for family planning, there are 36% of married women who do not want any more children. Also there are about 13.8% of teenagers who have begun childbearing. Looking at the supply side of reproductive health services, only 6.6% of live births receive assistance at delivery from a trained health professional and only 45.6% of live births are delivered at a health facility. Women who receive immediate post partum care accounts for only 25%.

Private maternity homes and clinics of the Planned Parenthood Association of Ghana (PPAG) are the most known facilities that provide reproductive health services in the private sector. For example, the Ghana Trend Analysis Report for Family Planning Services (1993, 1996, 2002) showed that contrary to findings in hospitals and health centers, IUD availability increased in private maternity centers and PPAG clinics. Also, while the number of new family planning clients recorded at health centers decreased, there was an increase noted for hospitals and PPAG clinics which maybe a result of client perception of better quality or may be due to better accessibility. These private facilities have also increased their package of services with PPAG increasing both their maternity and immunization services and maternity centers expanding their immunization services. However, although STI services were reported to be offered in these facilities, assessment of clients for symptoms of STIs was

observed less often in these facilities than in health centers or hospitals. The report noted that this could be attributed to a stronger supervision to support increased attention to STIs in government than in private facilities.

Studies have also shown that there is a paying market for reproductive health services and consequently a demand for services by private sector providers. The Willingness to Pay Study for Increased Prices for Reproductive Health Products and Services in Ghana conducted in 2002 revealed that over 75% of clients surveyed said they are willing to pay at least 50% more than what they were paying at the time for family planning products and services. Among clients of Ministry of Health (MoH) hospitals and PPAG clinics, the willingness to pay more was particularly high for methods that require relatively intensive medical interventions, such as IUDs, implants, and injectables.

In addition, some findings of the Ability to Pay for Contraceptives Study in 2004 indicated that all income groups can afford the price of condoms distributed by MoH and the Ghana Social Marketing Foundation (GSMF). All income groups, excluding the very poor have the ability to pay for Secure oral pill and the top 60% of income earners have the ability to pay for Famplan injectable and the top 80% can likely afford it as well.

In spite of these, it is believed that the private sector provider potential has not been exploited fully in improving access to quality reproductive health services considering the present dwindling resources and management challenges facing the public sector.

Various efforts are underway to improve the quality of services in the public sector. Among these are USAID funded projects that provide a wide range of assistance including QHP, CHPS-TA, GSCP and SHARP. While the general perception is that better services are provided by private facilities, there are no studies that show quality of care is in fact better in the private sector than in the public sector

E. OPPORTUNITIES FOR SOCIAL FRANCHISING OF RCH SERVICES

Priate sector interventions have covered both the demand side- the use of consumer rights advocacy programs, discount vouchers and health insurance schemes and supply side - social marketing and behavioral and communication change programs, and in recent times social franchising.

Social franchising, a form of public-private partnership is being used by some programs in several developing countries as a strategy to expand the provision of quality reproductive health services to lower market segments. Like social marketing, social franchising applies accepted business techniques from commercial franchising to provide public goods and achieve social goals. While social marketing programs have centered on contraceptive products such as the pill and condom, social franchising of RCH extends these principles to services. Social franchising services support long-term contraceptive methods and broader reproductive and child health care and require the participation of trained health providers.

Social franchising has also been used to improve quality, address disparities in the use of clinical standards and protocols and in upgrading the skills of private providers to respond to client demands for quality services.

Local Social Franchising Initiatives

In Ghana, GSMF Enterprises Limited (GSMF EL), for example is using the franchising approach (CAREshop) to improve access to medicines particularly in the rural population. This approach has proven to be an effective strategy to increase access to health care in resource challenged settings. PPAG on the other hand, has adopted social franchising to enlist NGOs to actively engage and reach young people with sexual and reproductive health messages. Young and Wise is a national youth brand that seeks to increase youth access to sexual and reproductive health information and services. It seeks to reduce the incidence and spread of HIV/AIDS, STIs and teenage pregnancy among young people.

The Christian Health Association of Ghana (CHAG) also reported having participated previously in a social franchising and service branding initiative for adolescent reproductive health with support of the African Youth Alliance and Pathfinder International.

The opportunity to develop a successful social franchise program to expand and improve the quality of RCH services is evident in the interest and support signified by various stakeholders and service providers alike and the positive response generated during the stakeholder meeting and workshop.

Meetings and Interviews with RCH Stakeholder Organizations

The Ghana Health Service (GHS) supports the mobilization of private facilities and providers for the delivery of quality RCH through social franchising. For example, the GHS Deputy Director General, Dr. Sam Adjei strongly suggested that private midwives and a private organization like the Ghana Registered Midwives Association (GRMA) could benefit a lot from a social franchising initiative. The Chief of the Nursing Services also indicated the need to expand private midwifery services. The Director for Private Hospitals and Maternity Homes, Dr. Docia Saka pointed out that there are challenges to defining quality and service requirements in the private sector and social franchising could be used to address these challenges. Among the health care provider groupings, Dr. Saka mentioned nurse midwives as requiring more support. For one, most of the top level personnel in this group tend to opt for appointments with organizations leaving behind middle and lower level cadre who have more need for technical updates and skills retooling to perform better. Secondly, there are more auxiliary nurse personnel providing RCH packages of services, and they need to be updated to improve their capacity.

Likewise support for social franchising was indicated by other USAID cooperating agencies. Among these are:

CHPS- TA cited some experiences in the country that might lend positively to a social franchising initiative involving midwives. According to its Deputy Chief of Party, Ms.

Barbara Jones in one remote district, Juaboso-Bia in the Western Region, the district health service has made innovation to the CHPS program by deploying private midwives to provide services at some of the CHPS sites, including the conduct of deliveries. Also mentioned was another USAID supported enterprise program, which was previously implemented with GRMA where members were trained in business development, and marketing. The experience of this program could highlight some possibilities for identifying some issues that a franchisor could use if midwives were involved in a social franchising program.

GSCP's potential contribution to a clinic franchise in Ghana could be in the areas of marketing, which includes developing a brand and marketing it both for products and services. It could also assist in promoting the supply and distribution outlets of commercial products especially oral contraceptives, injectables, condoms, and ITNs. Since FP commodities are not covered under the NHIS, marketing and promotional activities for these products are still required. GSCP can also manage the distribution of the full range of "Phyto-Riker" drug products.

Another USAID assisted project that showed interest is Netmark, a public-private partnership malaria prevention program that aims to increase the availability and use of insecticide treated nets (ITNs) in Sub-Saharan Africa. One of the innovative approaches that Netmark uses is a targeted subsidy that utilizes coupons distributed to pregnant women through public health facilities so they can purchase ITNs from retailers at discounted rates. A social franchising program could link up with Netmark for the potential integration of malaria prevention and utilize its targeted subsidy approach to reach pregnant women with RCH services.

Other private organizations like CHAG cited some key constraints in private sector participation in RCH that include inadequate coverage of health promotion activities and limited range of services provided in most facilities, and therefore wide opportunities for expansion exist. Nurse-midwives were also mentioned to play an important role in providing quality RCH services. On the other hand, PPAG offered to make available its RCH training programs.

In the various meetings with stakeholders, the midwives were frequently mentioned as the group of health care providers who have great potential to address the gaps in RCH service delivery. The GRMA has a membership base of approximately 500, 350 of them are in private practice. According to the outgoing president of GRMA there exist opportunities for expanding the role of private midwives in reproductive health care delivery. Skilled attendance at delivery is a key health goal of the country and more emphasis is now being given to having trained providers like midwives to conduct deliveries. However, fewer midwives are opting to set up private practices with younger midwives finding it more lucrative to remain in public practice. There is therefore a need to encourage them to access means to set up private practice. Midwives in the private sector need to have tax concessions to help them generate attractive revenue from their private practice and a social franchise program could potentially assist midwives in this area.

One of the most recent developments in health sector reform that will affect private sector participation is the implementation of the NHIS. Currently, there is a lot of speculation among health care providers especially with regard to NHIS accreditation. In a meeting with Dr. Sam Akor, Executive Secretary of the National Health Insurance Council (NHIC), he confirmed that accreditation of health facilities will start next year with district level health facilities as the first priority. The NHIS will contract the services of individuals as surveyors who will be trained to conduct the initial certification of facilities that meet standards. The final accreditation will be done by NHIC. Dr. Akor also informed that initially, the accreditation system will follow the internal quality assurance systems used by the facilities. Tools for accreditation have been developed for the private sector. The tools for the public sector may differ a bit and facilities that don't meet standards will be given time for upgrading.

According to Dr. Nii Ayerh, Director of the Port Hospital in Tema, clear guidelines and complete information about NHIS accreditation has not yet been provided to the private sector. However, he expects that once this becomes operational it will create competition among private providers for better and improved quality of services in order to capture a share of the market. With accreditation, members of NHIS will have a choice on where to avail of health services. Dr. Ayerh believes that facilities that do not conform to standards and client demands for quality will have difficulty competing in the health care business. He is also of the opinion that social franchising will be beneficial to the smaller facilities that do not have access to assistance to upgrade their facilities and technical capabilities.

Highlights from the Stakeholder Meeting

The stakeholder meeting provided a venue for obtaining further insight on social franchising and its application to RCH service provision. The results of the workshop identified improving quality and access to affordable RCH service as an objective for the development of a social franchise program. The participants also identified a range of RCH services that could be franchised including ante-natal and post natal care, deliveries, family planning, post abortion care, and under- five child health service like immunization, growth monitoring and nutrition, IMCI and deworming. Among the potential franchisees are private midwives, private medical practitioners, MCH centers, private maternity homes and selected government health centers. On the other hand, the organizations that were identified as potential franchisors are GHS, GRMA, Coalition of NGOs for Health and Rabito group of clinics.

During the workshop, the participants also discussed contributing and inhibiting factors that could affect the implementation of social franchising. The contributing factors cited are favorable government policies towards private sector participation, existing structure and network; existence of trained health care providers like midwives and medical officers and the implementation of the NHIS. The inhibiting factors are related to financing, brain drain and for GHS in particular, the lack of adequate manpower can hinder its ability to serve as potential franchisor.

While the discussions and results of the meeting were not exhaustive, nevertheless, the exercise was a significant step in the initial decision making process of stakeholders coming to an agreement on whether social franchising is applicable to RCH services in Ghana. One important challenge that QHP should continue to address is how to choose the right franchisor with a track record that is acceptable to the major stakeholders most especially to potential franchisees and with the capability to manage a network of franchised health enterprises.

F. CONCLUSIONS AND RECOMMENDATIONS

Conclusions:

1. Available data on reproductive and child health services in Ghana indicates that there are demand and supply gaps that need to be addressed. Data, interviews of stakeholders and results from the stakeholder meeting also suggest that there is a pool of untapped private sector health care providers who can be mobilized to respond to these gaps. The midwives were often mentioned as having the potential to respond to these gaps.
2. It appears that the basic conditions for the application of a successful social franchising scheme for reproductive health services in Ghana are present. These include among others, the availability of trained RCH providers like midwives who can become franchisees, gaps in supply and demand for quality RCH services, willingness and ability of some market segments to pay for RCH services like family planning, and government support of private sector participation in health care delivery.
3. The opportunity to develop a successful social franchise program to expand and improve the quality of RCH services is evident in the interest, support and availability of technical assistance from program stakeholders like the Ghana Health Service, USAID cooperating agencies, other health organizations and health service providers in the private sector.
4. The NHIS presents an opportunity for competition among health care facilities to capture a share of the health care market, however, the NHIS accreditation process is moving slowly. While accreditation intends to close the variance in the deficits in quality service provision to members by both public and private health facilities, a social franchising program could enhance the competitiveness of franchised health care facilities. In addition to meeting the NHIS accreditation standards, franchised facilities will have access to value added services provided by a franchisor like training, continuing clinical updates, branding, quality assurance, monitoring and supportive supervision, marketing and promotions and information on best practices which are not available to non-franchised facilities.

Recommendations:

1. While QHP has now an operational strategy to raise the standard of quality in public health facilities, it should explore the use of social franchising as an approach to engage the participation of private health care providers in the provision of quality and affordable reproductive and child health services. This could include tapping midwives and possibly doctors by upgrading their skills as well as their existing facilities and assisting them with marketing support to expand their service lines to include a wider range of reproductive and child health services.
2. Conduct a feasibility study to determine the practicality and potential level of success and resources required to implement a social franchise program. This study should include among others the following:

Part I – Market demand study among potential franchisees and potential clients

- a) FGD or survey among potential franchisees (midwives and doctors) regarding their interest in participating in a franchise operation; mapping the location of potential franchisees in the 28 target districts of QHP;
- b) FGD among clients to determine specific RCH packages;
- c) Based on results of a and b, determine current services being provided and identify gaps; client volume; market segments and market size; revenue; clinic cost structures, etc.

Part II- Establish criteria to identify and choose the franchisor. The identification, selection of and negotiation with the franchisor could be done simultaneously with the market demand study. The criteria for selection may include but not limited to the following:

- a) registered organization with staff and office facilities;
- b) willing to leverage its own resources;
- c) has entrepreneurial orientation;
- d) has project management capability;
- e) has financial stability and solvency;
- f) has long-term commitment to the provision of quality RCH services.

Once the franchisor has been identified; undertake a detailed review of operations as follows:

- a) Review of current programs; core competencies; strengths and weaknesses; revenue generation capabilities; managerial, accounting and monitoring skills. Also study the financial and administrative structure of the franchisor—its organizational structure, personnel complement, salaries and benefits, and other operating cost.

Part III – Develop overall strategy and program structure (Refer to Illustrative Strategy and Process, Annex A)

Part IV – Develop Business Plan - Based on Parts I, II and III, articulate the basic business concept and strategy, the strategies for product/service mix, pricing, place/location, advertising and promotion, the market segments to be pursued, the implementation blueprint of the strategy, financial projections and resources, and the details of the franchising relationship. This should also include:

- Franchisee benefit package, menu of services, client volume, revenue and cost targets, operating requirements, and financial projections.
- Franchisor financial projections based on the franchisees’ cumulative financial projections and the franchising fees (e.g. could be a one-time membership fee or renewed every three years; and a monthly royalty fee) and other franchising sources of revenue, such as sale to franchisees of linen and bulk-purchased supplies, training intermediation fees; project costs (this also includes the organizational structure of the franchising unit and the defined relationship of the franchisor and the franchisees ; economies of scale required to reach the break even point and potential RCH and related outcomes resulting from the social franchise operation.

Part V. Technical Assistance Requirements- Establish the total project cost required to provide start up and continuing technical assistance to the franchisor and franchisee.

1. Ascertain with USAID how social franchising fits within its overall strategic objectives and determine its commitment to a funding timetable to support the development of a social franchising program within and beyond QHP.
2. Donor input and support should be considered in the design phase and should be long enough to reach the desired impact and scale of the program.
3. Sustainability oriented ventures like social franchising take time to achieve their financial objectives. They need sustained technical assistance especially in areas like financial management and marketing. Most new business ventures take at least five to seven years to reach their break-even point before they start to show profit.
4. Once finalized, obtain buy-in of other stakeholders (i.e. GHS, professional health associations) to the social franchising strategy and program design.
5. Hire a full time staff preferably with private sector background to coordinate all activities related to social franchising. This staff will complement the

tasks of the current staff who is assigned to QHP's social franchising activity. The following is a suggested job description:

Franchise Development Coordinator

The Franchise Development Coordinator will oversee the coordination of all activities in support of the development and operation of the social franchising component of the QHP project. He or she will be responsible for the identification of technical assistance needs, sourcing of qualified technical assistance suppliers/contractors, monitoring progress including assessment of and effectiveness of the social franchise program.

Responsibilities may include:

- a. Work in collaboration with the franchisor in identifying the institutional capacity building and systems development needs of both franchisor and franchisees.
- b. In consultation with key staff of QHP, identify technical assistance (TA) that could be provided internally by QHP, those that could be provided by both USAID bilateral and global projects as well as those to be provided by external TA suppliers/consultants.
- c. In consultation with the Chief of Party, identify and negotiate with external technical assistance suppliers/consultants in accordance with QHP outsourcing guidelines.
- d. Oversee TA suppliers/consultants over-all performance vis-à-vis agreed deliverables.

Desired qualifications:

- a. Masters level education/training or its equivalent in Public Health/Business Administration or related technical fields.
 - b. Prior experience working in the private sector with minimum of five years experience in overseeing business development and or marketing projects.
6. Identify other sources of technical assistance from existing USAID supported projects (i.e. ACQUIRE, Banking on Health, etc.) to carry out recommendation # 2.
 7. In relation to item 6, also identify and investigate agencies and institutions from which potential franchisees can secure financing for start up operations like clinic renovation.

Immediate Next Steps for October – December 2005

1. Hire a staff or contract the services of an external consultant to oversee the preparation and conduct of the feasibility study.
2. Develop Scope of Work (SOW) and terms of reference for the conduct of feasibility study;
3. Identify an institution or a lead person who can form a team to undertake this study. Send a request for proposal or expression of interest to undertake the study. Brief interested institutions or persons; request full blown proposals.
4. Prepare guidelines for review and selection of proposals; select the proposal and engage the services of institution or persons to undertake the study.
5. Coordinate and monitor the conduct of the study.

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Annexes:

- A. Illustrative QHP Franchise Strategy and Process
- B. Proceedings of the Stakeholder Meeting
- C. List of Organizations Visited and Persons Met